

# FISCAL NOTE

**Bill #:** HB0751

**Title:** Clarify ground disturbance and buffer zones for construction permits

**Primary Sponsor:** Maedje, R

**Status:** As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2006 Difference</u></b>	<b><u>FY 2007 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$0	\$0
<b>Revenue:</b>		
State Special Revenue	(\$157,395)	(\$157,395)
<b>Net Impact on General Fund Balance:</b>	\$0	\$0

- |   |   |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact    | <input type="checkbox"/> Technical Concerns                       |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached  | <input type="checkbox"/> Needs to be included in HB 2             |

## Fiscal Analysis

### ASSUMPTIONS:

#### **Department of Environmental Quality (DEQ)**

1. This legislation requires a change in the permitting process for coverage under the Department of Environmental Quality (DEQ) storm water construction general permit. The provision for different permitting for 1-5-acre sites at or flatter than 3:1 slope, 200 feet from a perennial water body, captures virtually all of the permits for construction sites sized 1-5 acres.
2. Since DEQ distinctly started keeping track of 1-5 acre disturbance construction projects with the current general storm water permit on 5/5/2003, there have been 191 complete 1-5-acre notices of intent (NOIs) received.
3. From February 2004 to February 2005 there were 131 new 1-5-acre NOIs received (which means 191-131 = 60 complete 1-5 acre NOIs were received between 5/5/2003 and February 2004, or the first 10 months). Only three of these were for a "residential" NOI with a reduced fee of \$250 (paid one time with no annual fee) instead of the \$900 (application \$450 and first year annual fee \$450) typical minimum fee.
4. Based on the above, there was clearly increased growth in the number of complete 1-5-acre NOIs received from the first year to the second year. This upward increasing trend is likely to continue, but it is uncertain at what rate or by how much.

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(continued)

5. Based on all factors above, DEQ could assume receiving at least 131 new 1-5 acre NOIs per year, three of which are "residential" NOIs.
6. Revenue generated from the 131 new NOIs annually, assuming a typical minimum fee of \$900, would be:  $(128 \times \$900) + (3 \times \$250) = \$115,950$  per year.
7. Assuming 90 percent of 128 existing permittees get a 25 percent discount from the second calendar year annual fees ( $\$450 - 25$  percent discount =  $\$338$ ), annual fee revenue generated from carrying an estimated 90 percent of 1-5-acre existing NOIs into a second calendar year of active permit coverage while vegetation stabilizes would be:  $(115 \times \$338) + (13 \times \$450) = \$44,720$
8. Consequently, with the most conservative assumptions, DEQ would generate the following in annual revenue from 1-5-acre NOIs:  $\$115,950 + \$44,720 = \$160,670$
9. As the legislation allows a proposed \$25 fee for each of the 131 minimally expected 1-5 acre NOIs, this equates to \$3,275.
10. Consequently, lost revenue due to the proposed legislation, could be:  $\$160,670 - \$3,275 = \$157,395$ .
11. The NOI process under current law includes submittal of a notice, a Storm Water Pollution Prevention Plan (SWPPP), a fee, and state issuance of a written authorization. This is a minimal up front review and state action. The process under the proposal would include submittal of a form and a fee, but not the SWPPP. While fewer papers would be filed, filing is still needed. The fee is processed in either case. Lack of a SWPPP under the proposal will complicate the amount of work preparing for any inspections of the sites permitted by proposed law. On average, the work may be about the same. This fiscal note indicates no workload change.
12. With the loss of revenue and the continuation of the same work load DEQ will need to undertake rulemaking to increase other fees to cover these costs.
13. The other fee payers are surface and groundwater permit holders including industrial facilities of all kinds, water treatment plants and wastewater treatment plants owned by cities, town and subdivisions.

### FISCAL IMPACT:

	FY 2006	FY 2007
<u>Revenues:</u>		
State Special Revenue (02)	(\$157,395)	(\$157,395)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	(\$157,395)	(\$157,395)

### LONG-RANGE IMPACTS:

The estimates above are for the short term. In the near future the seven major cities will be permitted with a permit that requires a storm water program that captures construction sites and makes them permit in accordance with state requirements. Therefore, based on federally estimated numbers and the growth seen to date, when full implementation and enforcement of all 1-5-acre disturbance construction projects is realized, the department could actually receive many more NOIs, probably at least double what have been received in the past year. If growth is as projected revenue losses could be \$300,000 to \$400,000 due to this legislation.